

April 17, 1970

SUMMARYTrends and U.S. Options in North AfricaI. SITUATION IN NORTH AFRICAA. The North African Countries

--Morocco seems likely, barring assassination, to remain in the hands of King Hassan, but his ability--or that of a conservative successor government--to survive over the longer run remains open to serious question as long as he refuses to permit significant socio-political innovation. Hassan still regards the U.S. as a major patron.

--Algeria's "revolutionary" government is more pragmatic in practice than its rhetoric would suggest. Although far from effective in management and still occasionally vocal on international issues and active in supporting some liberation movements, it has become increasingly introspective and concerned with domestic development. One measure of this pragmatism is a strong continuing relationship with U.S. business despite the absence of official diplomatic relations. Boumedienne seems wary of too heavy a dependence on the USSR or France and interested in adding other strings to his diplomatic bow. In the long run, Algeria seems likely to aspire to regional hegemony.

--Tunisia has been the most innovative and in many ways the most effective of the North African countries in terms of its own political and economic management. It has also been the most outspoken in supporting U.S. foreign policy positions. With President Bourguiba's illness, however, Tunisia has entered a delicate transitional stage politically. The government is likely to emerge--at the very least--less in tune with the U.S. and more Arab in outlook and rhetoric.

--Libya is still something of a question mark because its revolutionary government is still inexperienced and threatened by challenges from within. There seems no question that it will remain close to Arab causes in posture and in providing

SECRET

~~SECRET~~

- 2 -

financial support. One tempering element will be Libya's dependence on oil revenues and desire to save a substantial proportion of them for Libya's own use. Nationalization of the oil companies seems a less likely prospect that severe truncation of past concessional arrangements, for the government seems interested in creating an image of putting the companies in their place without upsetting working arrangements if they can.

--In general, U. S. intelligence feels that it does not seem likely that the USSR will achieve the degree of dominance that would be required for achievement of its strategic objectives in North Africa in the absence of some seriously destabilizing series of events such as prolonged military conflict between Arabs and Israelis, or western disengagement from North Africa.

B. U. S. interests.

--The basic U. S. interest is negative: That neither the region as a whole nor any of the countries there be dominated by a hostile power capable of effective military action against NATO interests.

--The U. S. strategic interest is, therefore, derivative. Libya and Algeria are major petroleum suppliers to France and West Germany. The Mediterranean sea lanes are essential to the protection of southern Europe. A significant Soviet military position in North Africa could complicate NATO defense by multiplying its military problems and exposing Spain and other southern European countries to a more direct threat. The psychological impact on the Alliance could also be significant.

--Without strategic access through the Mediterranean the U. S. would be cut off from the Middle East. The alternative land and air access would depend in large measure on military rights we might enjoy in Spain; routes to the north would be less certain.

~~SECRET~~

SECRET

- 3 -

--Present U.S. economic interests are concentrated in Libya (2.5% of total U.S. overseas direct investment by book value) where oil investments return about \$750 million net to our balance of payments. There is a much smaller but growing interest in Algeria. Both countries offer modest prospects for U.S. trade over the longer run.

C. Summary of key trends.

--There will be opportunities for the U.S. private sector to build a network of relationships in North Africa, but all American interests will be subject to intermittent pressures to the extent the U.S. is identified in the Arab mind as anti-Arab and pro-Israeli.

--The trend toward militancy on both domestic and Mid-Eastern issues seems clear; the political consequences will depend in part on the ability of incumbent governments to satisfy rising domestic and social expectations as well as on events in the area.

--France has decided to give primary strategic attention to North Africa. North Africa may become again more accessible to Western European influence than it was in the immediate post-independence period of the early 1960's.

--The USSR has met only limited successes in North Africa despite its pro-Arab positions. The future will depend on the extent of satisfactory European-North African relationships and the course of events in the Near East.

--Detente in the Maghreb is welcome but fragile, at least in the short term. While limited cooperation may be possible in economic fields, the most serious long-term impediment may be the latent Algerian tendency to seek regional hegemony.

SECRET

--In short, a relative decline in the US position can be expected over the next 3-5 years because of warming North African relations with Europe, the downward trend in US assistance, the U.S. identification with Israel.

Apart from the question of general U.S. posture toward North Africa, a number of operational issues are before the U.S.

This is an important part of the system used to communicate with US naval forces in the Mediterranean and with CINCSTRIKE forces that might be deployed into the area.

Moving the facility to Spain would cost at least \$9 million and operations might be degraded. There is no immediate question about the tenure of this facility, but a lessening of U.S. aid or a change in Morocco's political posture would raise one. The question is whether we should begin relocating or wait till pressures develop.

B. Libyan F-5's. In June 1969 the former Libyan Government received a U.S. letter of offer to sell eight F-5 aircraft for delivery in early 1971 to supplement 10 purchased in 1967. The change in government and the U.S. withdrawal from Wheelus changes the original assumption of the program--that working with the Libyan air force would be a useful way of prolonging U.S. tenure at Wheelus. Now the new Libyan government is pressing us to say whether delivery will be made.

C. European preferences. Arrangements for partial association with the European Common Market have been negotiated by Morocco and Tunisia. Algerian special arrangements derived from the Treaty of Rome but have been cut back. All of these special arrangements entail preferences that discriminate against U. S. as well as other third-country exports. The U. S. has protested against these arrangements as inconsistent with the GATT.

- 5 -

At the same time the U.S. is interested in seeing closer North African ties with Europe evolve. The question arises whether the U.S. would wish to qualify its blanket opposition to preferential agreements not conforming to GATT.

- D. Military assistance--Morocco and Tunisia. Current programs are running at a level of \$7 million in credit sales to Morocco and \$3 million in grants to Tunisia. The problem arises to what extent the U.S. should go on providing such assistance to what may turn out to be transitory regimes in the face of Congressional opposition to providing such aid to developing countries--especially Arab countries.
- E. Economic assistance--Morocco and Tunisia. U.S. aid is declining (1) because appropriations are declining and (2) because AID has deliberately encouraged a multilateral framework for aid (IBRD consultative group). Are there political reasons for trying to maintain present levels?
- F. The third country surrogate. The French are seeking a predominant political role--for primarily French and not broad Western or U.S. interests in mind. The question exists to what extent the Western European presence in North Africa may compete with and not necessarily complement U.S. interests.
- G. U.S. intervention. In view of U.S. interests in Morocco and Tunisia, the question has been posed, especially by Tunisia, whether the U.S. would move if Tunisia were attacked either by Algeria or Libya. While avoiding a security guarantee which would be politically difficult in the U.S., the U.S. in its contingency planning could decide for itself how far it would be willing to go.
- H. Relations with Algeria. The Hickenlooper Amendment to the Foreign Assistance Act makes impossible the extension of economic assistance to Algeria from public funds so long as Algeria does not take appropriate steps to provide prompt

- 6 -

and adequate compensation for American property it has sequestered. This precludes conclusion of an investment guaranty agreement. The question arises whether the Executive Branch should seek repeal of the Amendment or other legislative measures that would make a guaranty possible.

III. POLICY ALTERNATIVES

The strategies outlined below are applied to the issues described above in the table at the last page of this summary. The broad alternatives are:

Alternative 1--"low political profile." To withdraw from an active official role in North Africa and to leave primary responsibility in the hands of the Western Europeans.

The arguments for this approach are consistency with the Guam doctrine (in leaving to states of the area primary responsibility for their own security) and facing the Europeans with assuming greater responsibility for an area where their interests are in greater jeopardy than direct U.S. interests.

The arguments against are that this could sacrifice a U.S. position--especially in Tunisia and Morocco--with no assurance that the Europeans are inclined to uphold Western security interests in the area. It would also have psychological repercussions on other friends throughout the area if they thought the U.S. had "written off" the area.

Alternative 2--"selectivity" in favor of Algeria and Libya. To recognize explicitly that long-term American interests in North Africa lie with the militant "haves," to adjust our policies and programs to this fact, but to disengage from Morocco and Tunisia gradually.

- 7 -

The argument for this approach is mainly putting ourselves on what may well be the wave of the future since the potential power center lies in Algeria and the resource base in Algeria and Libya (including the greatest U.S. investment).

The argument against is mainly that this would put us in the position of walking out on two good friends, however transitional their current state may be. It would seem to write them ^{off} and polarize North Africa unnecessarily.

Alternative 3--"selectivity" in favor of Tunisia and Morocco. To continue our present policy emphases in favor of Tunisia and Morocco but to promote longer-term economic and perhaps political relationships with Algeria and Libya. [This is essentially present policy.]

The argument for this approach is that it builds on present positions while still leaving the door open for more effective commercial and political relationships with Algeria and Libya.

The argument against is that this approach would leave us less than aggressive in protecting the substantial U.S. investment in Libya and backing regimes that may be destined for short life.

Alternative 4--forward strategy. To decide that U.S. interests in the Mediterranean basin are important enough to require a major effort to preserve the U.S. (and Western) presence in the southwestern quadrant of the basin; to make an aggressive play for influence in all four North African countries even at some domestic U.S. political cost.

The arguments for this approach would be essentially to demonstrate the U.S. intention to stay in this area and to compete actively for influence and that the U.S. does not walk out on its friends. Given doubt about what the Europeans can be relied on to achieve, only U.S. effort can be counted on.

SECRET
- 8 -

The arguments against are that this would engage the U.S. in an area that is really of principal concern to Western Europe and that the U.S. does not really have the resources given other higher priorities around the world or the domestic political support for such a policy given the fact that this would involve supporting some enemies of Israel.

SECRET

Issues	Alternatives			
	1 <u>Low Political Profile</u>	2 <u>Selectivity Algeria-Libya</u>	3 <u>Selectivity Tunisia-Morocco</u>	4 <u>Forward Strategy</u>
A. Kenitra	Withdraw	Remain	Remain	Remain
B. Libyan F-5's	Cancel	Deliver	Cancel	Deliver
C. European Preferences	*Qualified Acceptance	Qualified Acceptance	Qualified Acceptance	Challenge
D. MAP - Morocco-Tunisia	Phase out	Minimize	Continue	Continue
E. Economic Assistance Morocco-Tunisia	Phase out	Continue	Continue	Expand
F. Third Country Surrogate	Accept	Reject	Reject	Reject
G. US Intervention	Reject	Accept ** (qualified)	Accept (qualified)	Accept (qualified)
H. Relations with Algeria				
a. Hickenlooper Amendment	Keep	Seek to elimin- ate	Keep	Seek to elimi- ate
b. El Paso Natural Gas	Support	Support	Support	Support

* Reservation of US right to seek offsetting compensation in order to preserve US position elsewhere.

** No formal or informal security guarantee; unilateral US decision to consult on appropriate measures with other interested governments if any of four states were subject to external attack.